



Budget Update City's Fiscal Health

December 6, 2022

AGENDA

- Summary
- Reserves
- Sound financial practices
- Bond rating improvement

City's Fiscal Health

- **Very strong management and governance**
 - Strong financial policies and practices
 - Strong framework of long-term planning
- **Very strong budgetary flexibility**
 - Increase in fund balance
 - Frequent budget monitoring
- **Strong budgetary performance**
 - Significant investments in police, fire, streets, parks, and museums
 - Operating surplus and new revenue sources

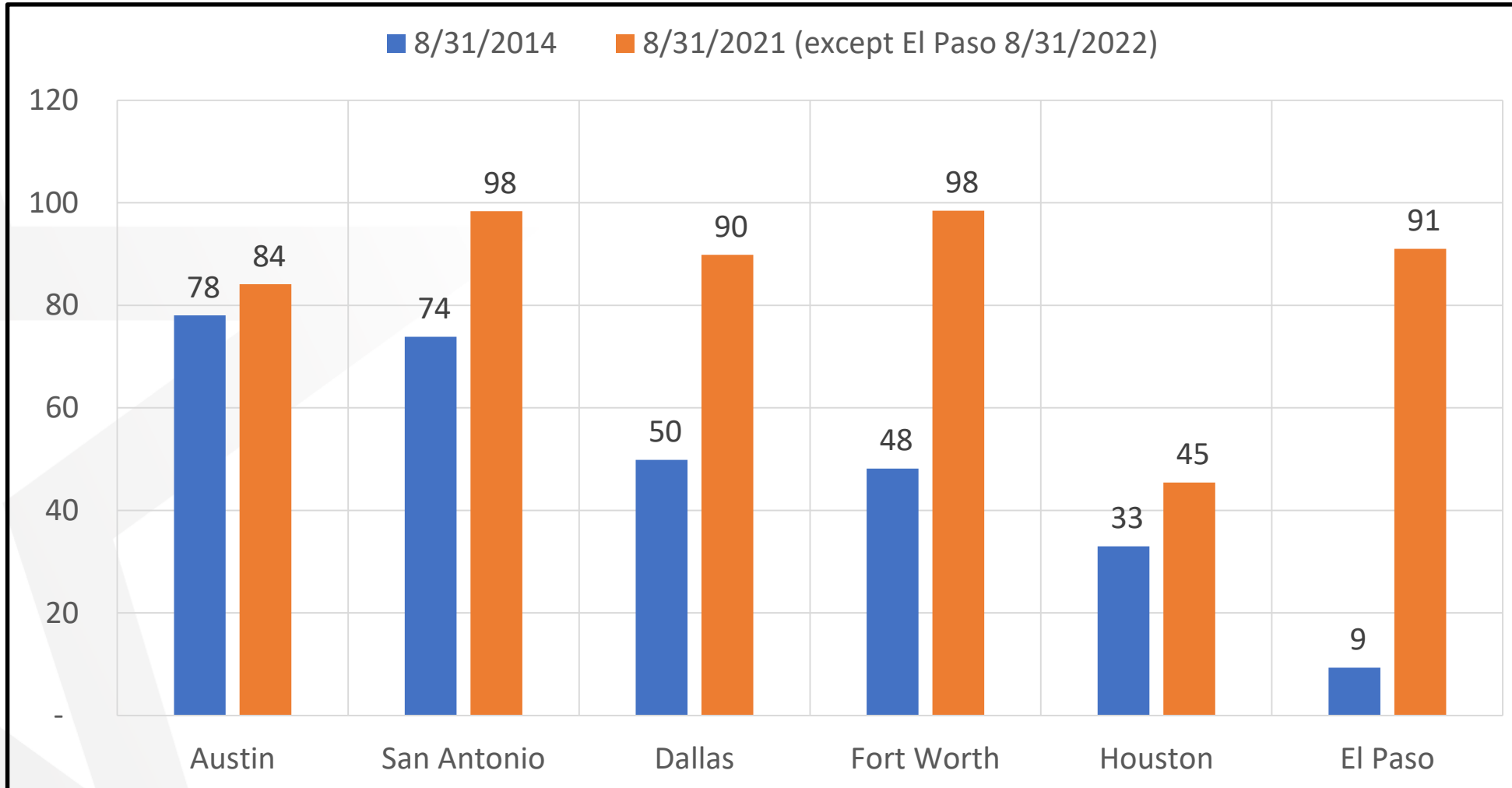


General Fund Reserves

- \$9 million decrease in reserves from 2012 – 2014 (three consecutive years of operating deficits)
- In 2014 the City only had 9 operating days of General Fund reserves
- Since 2014 the City has had 8 consecutive years of balanced budgets and surpluses
- Currently the City is at 91 days of General Fund reserves, which is the gold standard
- Focus should be on long-term outlook and target 120 days to be proactive about potential impacts from future economic downturns

General Fund Reserves

of Operating Days (excluding Restricted)



Sound Financial Practices

- Over the last several decades, until 2018, the City had \$0 dollars in the annual operating budget for:
 - Street maintenance projects
 - Police cars, fire trucks, ambulances, and city vehicles
 - Facility improvements and park amenities
- City's long-standing practice prior to 2018 was to utilize debt for these purchases
- Since 2018, the City now includes these purchases in the annual operating budget, which has saved almost \$50 million in financing costs

Sound Financial Practices

New Revenue Sources



- State Convention Center Hotel Program funding – City is now receiving State portion of sales taxes for projects
- Beginning in 2016, Hotel Occupancy audits have generated over \$3 million of new revenue
- Franchise fee audits – not previously done and are currently underway
- El Paso Electric franchise – Economic Development funding
- Short-term rental ordinances



Sound Financial Practices

- Eliminated \$27 million Sun Metro operating deficit
- Eliminated Butterfield Trail golf course operating deficit and will now generate over \$20 million over term of lease
- Recycling costs subsidization reduced by \$2 million a year
- Federal and State grant compliance
 - Reimbursement improvements resulted in TXDOT reimbursements and all grants since, including recent FEMA grants for migrant crisis, have resulted in full reimbursement
 - 2013/2014 21 external audit findings – zero findings since then
- Ballpark debt and capital improvements are now self-supporting and no longer require General Fund subsidies

City Bond Rating Improvement

International Airport Revenue Bonds



- S&P Global Ratings raised its long-term rating to 'A+' from 'A'
- Very strong management and governance, reflecting an effective and experienced management team that has sufficiently managed risks to ensure the airport's steady financial and operational performance
- A strong framework of long-term planning, frequent budget monitoring, and a willingness to make intra-year adjustments
- Enplanement recovery to near pre-pandemic levels
- Around 200 days of cash on hand

MISSION



Deliver exceptional services to support a high quality of life and place for our community

VISION



Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government



VALUES

Integrity, **R**espect, **E**xcellence,
Accountability, **P**eople

MISIÓN



Brindar servicios excepcionales
para respaldar una vida y un
lugar de alta calidad para
nuestra comunidad

VISIÓN



Desarrollar una economía regional
vibrante, vecindarios seguros y
hermosos y oportunidades
recreativas, culturales y educativas
excepcionales impulsadas por un
gobierno de alto desempeño



VALORES

Integridad, **R**espeto, **E**xcelencia,
Responsabilidad, **P**ersonas